

# HOUSE BILL 1199

R4

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CF SB 907

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By: **Delegate Malone**

Introduced and read first time: February 18, 2010

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Motor Vehicles – Salvage – Standards and Requirements**

3 FOR the purpose of creating a certain additional salvage application statement that  
4 an insurance company is required to provide under certain circumstances;  
5 prohibiting a person from using certain costs to determine the cost to repair a  
6 motor vehicle for highway operation under the motor vehicle salvage program;  
7 providing that a certain cost of repair calculation may not affect certain rights of  
8 certain persons; requiring the Motor Vehicle Administration to adopt certain  
9 regulations in consultation with certain persons; exempting certain vehicles  
10 with certain damage from the requirement to obtain a Maryland Safety  
11 Inspection under certain circumstances; establishing an additional brand that  
12 the Administration is required to place on a motor vehicle certificate of title  
13 under certain circumstances; ~~providing that certain persons that acquire certain~~  
14 ~~nonrepairable motor vehicles may only sell the motor vehicles to certain other~~  
15 ~~persons; limiting the pool of motor vehicles in need of repair for which an~~  
16 ~~insurance company is required to provide certain notice to the Motor Vehicle~~  
17 ~~Administration under certain circumstances; altering a certain definition; and~~  
18 generally relating to standards and requirements under the motor vehicle  
19 salvage program.

20 BY repealing and reenacting, with amendments,

21 Article – Transportation

22 Section 11-152, 13-506 and ~~13-506.1~~, 13-506.1, and 13-507

23 Annotated Code of Maryland

24 (2009 Replacement Volume and 2009 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Transportation**

4 11–152.

5 (a) “Salvage” means any vehicle that:

6 (1) Has been damaged by collision, fire, flood, accident, trespass, or  
7 other occurrence to the extent that the cost to repair the vehicle for legal operation on  
8 a highway exceeds 75% of the fair market value of the vehicle prior to sustaining the  
9 damage, AS DETERMINED UNDER § 13–506(C)(4) OF THIS ARTICLE;

10 (2) Has been acquired by an insurance company as a result of a claim  
11 settlement; or

12 (3) Has been acquired by an automotive dismantler and recycler:

13 (i) As an abandoned vehicle, as defined under § 25–201 of this  
14 article; or

15 (ii) For rebuilding or for use as parts only.

16 (b) For purposes of this section, a vehicle has not been acquired by an  
17 insurance company if an owner retains possession of the vehicle upon settlement of a  
18 claim concerning the vehicle by the insurance company.

19 13–506.

20 (a) (1) A salvage certificate shall be issued in accordance with the  
21 provisions of this section.

22 (2) A salvage certificate issued under this section shall:

23 (i) Be issued in the name of the applicant; and

24 (ii) Serve as an ownership document.

25 (a–1) For purposes of this section, a vehicle has not been acquired by an  
26 insurance company if an owner retains possession of the vehicle upon settlement of a  
27 claim concerning the vehicle by the insurance company in accordance with § 13–506.1  
28 of this subtitle.

29 (b) The Administration shall issue a salvage certificate:

- 1           (1)    To an insurance company or its authorized agent that:
- 2                   (i)    Is licensed to insure automobiles in this State;
- 3                   (ii)   Acquires a vehicle as the result of a claim settlement; and
- 4                   (iii)   Within 10 days after the date of settlement, applies for a  
5 salvage certificate as provided in subsection (c) of this section;
- 6           (2)    To an automotive dismantler and recycler that:
- 7                   (i)    Acquires a salvage vehicle from a source other than an  
8 insurance company licensed to insure automobiles in this State;
- 9                   (ii)   Acquires a salvage vehicle by a means other than a transfer  
10 of a salvage certificate; and
- 11                  (iii)   Applies for a salvage certificate as provided in subsection (d)  
12 of this section; or
- 13           (3)    To any other person who:
- 14                   (i)    Acquires or retains ownership of a vehicle that is salvage, as  
15 defined in § 11–152 of this article;
- 16                   (ii)   Applies for a salvage certificate on a form provided by the  
17 Administration; and
- 18                   (iii)   Pays a fee established by the Administration.
- 19           (c)    (1)    Except as provided in § 13–507(b)(5) of this subtitle, for each  
20 vehicle that is acquired as a result of a claim settlement arising from an accident that  
21 occurred in the State, an insurance company or its authorized agent shall apply:
- 22                   (i)    For a salvage certificate on a form provided by the  
23 Administration for a vehicle titled in the State; or
- 24                   (ii)   Electronically for a salvage certificate for a vehicle titled in a  
25 foreign jurisdiction.
- 26           (2)    The application under paragraph (1) of this subsection shall be  
27 accompanied by:
- 28                   (i)    The certificate of title of the vehicle;
- 29                   (ii)   A statement by the insurance company that:

1                   1.     The cost to repair the vehicle for highway operation is  
2 greater than 75% of the fair market value of the vehicle prior to sustaining the  
3 damage for which the claim was paid and the vehicle is repairable;

4                   2.     The cost to repair the vehicle for highway operation is  
5 greater than 75% of the fair market value of the vehicle prior to sustaining the  
6 damage for which the claim was paid and the damage to the vehicle is cosmetic only;

7                   3.     The vehicle is not rebuildable, will be used for parts  
8 only, and is not to be retitled;

9                   4.     The vehicle has been stolen; ~~or~~

10                  5.     The vehicle has sustained flood damage; ~~and~~ OR

11                  **6.     THE VEHICLE HAS BEEN ACQUIRED BY AN**  
12 **INSURANCE COMPANY AS A RESULT OF A CLAIM SETTLEMENT AND THE COST TO**  
13 **REPAIR THE VEHICLE IS 75% OR LESS OF THE FAIR MARKET VALUE OF THE**  
14 **VEHICLE PRIOR TO SUSTAINING THE DAMAGE FOR WHICH THE CLAIM WAS PAID;**  
15 **AND**

16                  (iii)    A fee established by the Administration.

17                  (3)     Subject to the provisions of § 13-507(c)(2) of this subtitle, a salvage  
18 certificate issued under this paragraph shall contain a conspicuous notation by the  
19 Administration that describes which of the statements under paragraph (2)(ii) of this  
20 subsection applies to the vehicle.

21                  **(4)     TO DETERMINE THE COST TO REPAIR A VEHICLE FOR**  
22 **HIGHWAY OPERATION FOR PURPOSES OF § 11-152 OF THIS ARTICLE AND**  
23 **PARAGRAPH (2)(II) OF THIS SUBSECTION, A PERSON MAY NOT USE THE COST OF:**

24                  **(I)     ~~THE COST OF TOWING~~ TOWING, STORAGE, OR VEHICLE**  
25 **RENTAL; OR**

26                  **~~(H)     THE COSTS ASSOCIATED WITH DAMAGE TO~~**  
27 **~~AUDIOVISUAL, TELEPHONE, OR MAPPING EQUIPMENT, SAFETY RESTRAINTS, OR~~**  
28 **~~UPHOLSTERY.~~**

29                  **~~(5)     AN INSURANCE COMPANY OR ITS AUTHORIZED AGENT THAT~~**  
30 **~~ACQUIRES A VEHICLE FOR WHICH THE SALVAGE APPLICATION CONTAINS THE~~**  
31 **~~STATEMENT UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION THAT THE~~**  
32 **~~VEHICLE IS NOT REPAIRABLE MAY ONLY SELL THE VEHICLE TO A LICENSED~~**  
33 **~~AUTOMOTIVE DISMANTLER AND RECYCLER.~~**

34                  **(II)    REPAIRING NONSTRUCTURAL DAMAGE.**

1           **(5) THE CALCULATION UNDER THE 75% COST OF REPAIR**  
 2 **THRESHOLD UNDER PARAGRAPH (2) OF THIS SUBSECTION MAY NOT AFFECT**  
 3 **THE RIGHT OF AN INSURER OR A VEHICLE OWNER TO MAKE AN ECONOMIC OR**  
 4 **SAFETY RELATED DECISION TO NOT REPAIR THE VEHICLE.**

5           **(6) THE ADMINISTRATION, IN CONSULTATION WITH THE**  
 6 **DEPARTMENT OF STATE POLICE AND OTHER INTERESTED PARTIES, SHALL**  
 7 **ADOPT REGULATIONS TO IMPLEMENT THIS SUBSECTION.**

8           (d) (1) An automotive dismantler and recycler may apply for a salvage  
 9 certificate on a form provided by the Administration.

10           (2) The application under paragraph (1) of this subsection shall be  
 11 accompanied by:

12                   (i) The document through which ownership of the vehicle was  
 13 acquired; and

14                   (ii) A fee established by the Administration.

15           (e) The Administration shall maintain records to indicate that a vehicle:

16                   (1) Was transferred as salvage; and

17                   (2) May not be titled or registered for operation in this State except in  
 18 accordance with § 13–506.1 and § 13–507 of this subtitle.

19           (f) The Administration shall establish a fee for:

20                   (1) A duplicate salvage certificate; and

21                   (2) A corrected salvage certificate.

22 13–506.1.

23           (a) An insurance company shall promptly notify the Administration if:

24                   (1) The company makes a claim settlement on a vehicle that is  
 25 ~~‡salvage‡~~

26                   ~~(I) SALVAGE;~~

27                   ~~(II) YOUNGER THAN 7 MODEL YEARS OLD; AND~~

1 ~~(III) HAS AN ODOMETER READING OF LESS THAN 60,000~~  
2 ~~MILES~~; and

3 (2) The owner retains possession of the vehicle.

4 (b) The notice under subsection (a) of this section shall:

5 (1) Be accompanied by the title to the vehicle and a fee established by  
6 the Administration under § 13–117 of this title for a corrected title;

7 (2) Include the name of the vehicle's owner and a description of the  
8 vehicle; and

9 (3) Include a statement by the insurance company that the salvage  
10 certificate bears a notation under § 13–506(c)(2)(ii)1, ~~2~~, 3, 4, or 5 of this subtitle.

11 (c) On receipt of the notice under subsection (a) of this section, the  
12 Administration shall:

13 (1) Record that the vehicle has been declared salvage; and

14 (2) (i) In the case of a repairable vehicle described in §  
15 13–506(c)(2)(ii)1, ~~2~~, or 5 of this subtitle, send a notice to the owner of the vehicle that  
16 the vehicle registration will be suspended unless the owner submits proof satisfactory  
17 to the Administration that the vehicle has been inspected for safety, in compliance  
18 with Title 23 of this article, within 90 days of the date of the notice; or

19 (ii) In the case of a vehicle described in § 13–506(c)(2)(ii)3 of this  
20 subtitle:

21 1. Issue a salvage certificate to the owner of the vehicle;  
22 and

23 2. Send a notice to the owner of the vehicle that the  
24 vehicle registration has been suspended and directing that the vehicle's registration  
25 plates be returned immediately to the Administration.

26 (d) In accordance with § 13–507 of this subtitle, after a vehicle described in §  
27 13–506(c)(2)(ii)1, ~~2~~, or 5 of this subtitle has been inspected for safety in accordance  
28 with Title 23 of this article, the Administration shall issue to the owner a new  
29 certificate of title for the vehicle.

30 13–507.

31 (a) (1) An application for a certificate of title of a vehicle for which a  
32 salvage certificate has been issued shall be made by the owner of the vehicle on a form  
33 that the Administration requires.

1           (2) An application under paragraph (1) of this subsection shall be  
2 accompanied by:

3                   (i) Except as provided in subsection (c)(3) of this section, the  
4 salvage certificate for the vehicle;

5                   (ii) **[A] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS**  
6 **SUBSECTION, A certificate of inspection issued by a county police department or the**  
7 **Department of State Police; and**

8                   (iii) A certificate of inspection as required under Title 23 of this  
9 article.

10           (3) (i) The Administration may establish a fee for an inspection  
11 under paragraph (2)(ii) of this subsection.

12                   (ii) 1. The fees established under this paragraph shall be  
13 collected by the Administration or the Automotive Safety Enforcement Division of the  
14 Department of State Police.

15                               2. The fees collected under this subparagraph shall be  
16 paid to the Automotive Safety Enforcement Division of the Department of State Police  
17 for the purpose of recovering the cost of administering the salvage inspection program  
18 and may not be credited to the Gasoline and Motor Vehicle Revenue Account for  
19 distribution under § 8-403 or § 8-404 of this article.

20           **(4) A CERTIFICATE OF INSPECTION IS NOT REQUIRED IF THE**  
21 **SALVAGE CERTIFICATE BEARS A NOTATION UNDER § 13-506(C)(2)(II)2 OF THIS**  
22 **SUBTITLE AND THE ORIGINAL OWNER OF THE VEHICLE RETAINS POSSESSION OF**  
23 **THE VEHICLE AFTER THE CLAIM SETTLEMENT.**

24           (b) (1) The certificate of title issued by the Administration shall be:

25                   (i) Issued in the name of the applicant; and

26                   (ii) In a form as provided in this subsection.

27           (2) (i) The Administration shall issue a certificate of title that  
28 contains a conspicuous notation that the vehicle is “rebuilt salvage” if the salvage  
29 certificate accompanying the application bears a notation under § 13-506(c)(2)(ii)1 of  
30 this subtitle.

31                   (ii) The Administration may not issue a certificate of title for a  
32 vehicle if the salvage certificate for the vehicle bears a notation under §  
33 13-506(c)(2)(ii)3 of this subtitle.

1           (3) [The Administration shall issue a certificate of title that contains a  
2 conspicuous notation that the vehicle sustained cosmetic damage if the salvage  
3 certificate accompanying the application bears a notation under § 13-506(c)(2)(ii)2 of  
4 this subtitle.

5           (4) The Administration shall issue a certificate of title that contains a  
6 conspicuous notation that the vehicle is “Flood Damaged” if the salvage certificate  
7 accompanying the application bears a notation under § 13-506(c)(2)(ii)5 of this  
8 subtitle.

9           [(5) Except for a flood damaged vehicle, the Administration shall issue  
10 a certificate of title that does not bear a notation or other similar statement under this  
11 section if an insurance company makes a claim settlement on a vehicle that has  
12 sustained damage that costs 75% or less than the fair market value of the vehicle to  
13 repair.]

14           **(4) THE ADMINISTRATION SHALL ISSUE A CERTIFICATE OF TITLE**  
15 **THAT CONTAINS A CONSPICUOUS NOTATION THAT THE VEHICLE IS**  
16 **“X-SALVAGE” IF THE SALVAGE CERTIFICATE ACCOMPANYING THE**  
17 **APPLICATION BEARS A NOTATION UNDER § 13-506(C)(2)(II)6 OF THIS SUBTITLE**  
18 **OR IS ISSUED UNDER § 13-506(D) OF THIS SUBTITLE.**

19           (c) (1) When an insurance company makes a claim settlement on a  
20 vehicle that has been stolen, the company shall apply for a salvage certificate as  
21 provided in § 13-506(c) of this subtitle.

22           (2) On receipt of an application under this subsection, the  
23 Administration:

24                   (i) Shall make the appropriate notation in its records; and

25                   (ii) May not issue the salvage certificate until the vehicle is  
26 recovered.

27           (3) When a vehicle that has been stolen is recovered, the  
28 Administration shall:

29                   (i) Issue a salvage certificate for the vehicle if the insurance  
30 company submits a certification under § 13-506(c)(2)(ii)1, 2, 3, [or] 5, OR 6 of this  
31 subtitle; or

32                   (ii) Issue a certificate of title in the name of the insurance  
33 company in lieu of a salvage certificate if the insurance company states that the  
34 vehicle has sustained damage, except for flood damage, that costs 75% or less than the  
35 fair market value of the vehicle to repair.

1           (4) The provisions of subsection (b) of this section apply to a certificate  
2 of title issued under this subsection.

3           (5) A vehicle for which a certificate of title was issued under  
4 paragraph (3)(ii) of this subsection is exempt from the vehicle excise tax as provided in  
5 § 13-810(a)(9) of this title.

6           (d) If the Administration receives an application for a certificate of title for a  
7 vehicle accompanied by an ownership document issued by another state containing a  
8 notation under the laws of the issuing state that the vehicle is in a condition that is  
9 substantially similar to a vehicle that is rebuilt salvage under Maryland law, the  
10 certificate of title issued by the Administration shall contain a similar notation.

11           (e) The Administration may adopt regulations to implement this section.

12           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2010.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.